

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers
State Departments and Agencies

FROM: Lawrence C. Franklin, Jr., State Controller

SUBJECT: **EMPLOYER PROVIDED VEHICLES**

DATE: September 25, 2001

Pursuant to changes in Chapter 42-11.3 of the General Laws, non-control employees will now be able to choose from the following methods when reporting the value of a state-owned vehicle used for commuting as a taxable fringe benefit: the \$3.00 a day method; the annual lease value method; or the cents per mile method. Control employees are still limited to either the cents per mile method or the annual lease method. **(See Section A-51 of the Procedural Handbook for specific guidance regarding the criteria to be met in order for an employee to use any of the methods.)**

The vehicle cents per mile rates to be used are: \$0.325 for the period November 1, 2000 through December 31, 2000, and \$0.345 for the period January 1, 2001 through October 31, 2001.

I am enclosing one copy of each of the three reporting forms (A-51a, A-51b, A-51c) employees can use to report the value of the employer provided vehicle as a taxable fringe benefit. I am also providing a copy of a flowchart, which when used properly by an employee will lead him/her to comply with both state and federal statutory requirements for employer-provided vehicles. You should provide a copy of all four forms to each employee to whom a state-owned vehicle is assigned. I am also enclosing a copy of the Annual Report of State-Owned Vehicle Usage. The Division of Central Services (Department of Administration) will use the information on this form to prepare an annual report to the General Assembly, as required by state law.

One of the A-51 forms and the annual vehicle usage report form must be completed, signed, dated, and submitted by each active employee to whom a vehicle is assigned. The employee must return one copy of his/her completed A-51 form and the completed annual vehicle usage report to your department/agency payroll office **on or before November 5, 2001**.

Your department/agency payroll office will forward one copy of each form to the Office of Accounts and Control, Payroll Audit Section, One Capitol Hill, Providence, RI 02908-5883 **on or before November 16, 2001**. They can make and retain one copy for their files. The taxable fringe benefit amount, as reported on the completed A-51 forms, will be entered on the Payroll Master File and will be reported in the "fringe benefit" column of the Payroll Attendance Report (A-80) by the Office of Accounts and Control **during the payroll periods beginning November 4, 2001 and ending December 15, 2001**. The completed annual vehicle usage reports for each employee will be matched to a completed A-51 form to ensure that each employee completed both forms. The annual vehicle usage forms will be forwarded to the Division of Central Services.

Please call Roberta Marocco at 222-2673 with any questions concerning this subject matter.

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DEPARTMENT OR AGENCY RESPONSIBILITY

ATTENTION: Each employee that is assigned a state vehicle will have to complete two forms -- one form, the "Annual Statement of Personal Usage for State Provided Vehicles," is used by the Office of Accounts and Control to report on W-2 forms the value of daily commuting as an employee fringe benefit; the other form, "Annual Report of State-Owned Vehicle Usage," is used by State Fleet Operations to report annually to the General Assembly on state vehicle ownership and usage in accordance with Section 42-11.3-5 of the General Laws.

Provide a copy of A51a, or A51b, and A51c to all employees who are assigned a state-owned vehicle. These forms must be completed and submitted by each active employee to whom a vehicle is assigned. The employee to whom the vehicle is assigned must sign and date each form.

Two copies of either A-A51a, A51b, or A51c form and are to be returned by the employee to the department or agency payroll office ***on or before the deadline specified in an annual memorandum issued by the State Controller***. The department or agency payroll office shall forward one copy to the Office of Accounts and Control, Payroll Audit Section, One Capitol Hill, Providence, RI 02908-5883, ***on or before the deadline specified in an annual memorandum issued by the State Controller*** and retain one copy.

The taxable fringe benefit amount (vehicle use), as reported on the completed A-51 forms shall be entered on the payroll master file by the Office of Accounts and Control and will be reported in the "fringe benefit" column of the Payroll Attendance Report (Form A-80), on a pay period ending date -- ***to be specified in an annual memorandum issued by the State Controller***.

STATE LAW

Section 42-11.3 of the General Laws establishes several requirements concerning the use and accountability of state-owned (employer-provided) vehicles. The rule and regulations governing the use of state-owned motor vehicles promulgated under the authority of RIGL 42-11.3-1, et. Seq., place responsibility on the Director of Administration, the various department directors, and the Office of State Fleet Operations to ensure compliance with RIGL 42-11.3.

According to the regulations governing RIGL 42-11.3, each agency head is accountable to the Department of Administration for the enforcement of these policies. Section VI of the regulations states that the "Agency heads shall:

- A. Require that each operator of a state-owned motor vehicle is made aware of these policies...

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- B. Provide State Fleet Operations with the name, address, license number and social security number of each person in the agency which is assigned use of a specific vehicle.
 - C. Provide State Fleet Operations with the name, address, license number, and social security number of each person in the agency which is assigned and/or authorized use of a non-specific agency pool vehicle.
 - D. Provide the Department of Administration with vehicle usage data to meet the reporting requirements of the Internal Revenue Service.

These regulations further state that the Division of Central Services is responsible for reviewing the use of state-owned vehicles in order to ensure full compliance with these policies. In addition, the Office of State Fleet Operations is authorized to prohibit an employee from using a state vehicle for non-compliance with any statute, regulation, or policy, as well as violation of any provisions of the regulations. The regulations provided in Section XII - Penalties, states that:

"Violation of any specific statute, regulation and/or policy governing the use of a state-owned motor vehicle may result in the immediate recall of the vehicle by the Office of State Fleet Operations. Continued violation by an agency may result in suspension of all vehicle privileges."

The law (Section 42-11.3-4) requires reimbursement from employees (with certain exceptions) for use of state-owned vehicles. The amount of reimbursement is equal to the number of commuting miles multiplied by the current cents-per-mile rate allowed by the IRS. The general officers, law enforcement personnel, and department directors are exempt from reimbursing for commuting use. However, if a general officer uses a state-owned vehicle for political purposes, he/she is responsible for reimbursement related to such use.

Unless exempt under items 1 through 6 below, all employees using a state vehicle for commuting purposes are required to reimburse the State on a monthly basis at a mileage rate determined by the State Controller. Failure to reimburse the state for commuter miles on a monthly basis shall result in the commuting authorization being withdrawn by the Director of Administration.

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1. The motor vehicle is used by law enforcement officers { as defined in Section 42-11.3-1(4)} and for whom written approval by the employees' appointing authority and the director of administration has been given.
 2. Employees who are on emergency response status; the need for these employees to respond to emergencies in an assigned vehicle must be clearly established and must be clearly beneficial to the state.(42-11.3-4(E)[1](b))
 3. Employees who must work in their assigned vehicle outside of their permanent duty station for at least 80% of their scheduled workweek. (42-11.3-4{E}[1](c)).
 4. Situations in which it is clearly more beneficial to the state if the employee uses an assigned vehicle to travel from his/her residence to a temporary or seasonal work place. (42-11.3-4(E)[1](d)).
 5. The vehicle is needed on a per trip basis and the employee is required to use the vehicle before or after regular working hours.(42-11.3-4{E}[1](e)).
 6. An employee has been assigned a special-equipped vehicle and is required to work with this vehicle. (42-11.3-4(E)1)(f)).
 7. A situation exists whereby it is established that an employee's commuting use of a state-owned vehicle is clearly beneficial to the state. (42-11.3-4(E)2)

"Commuting" means driving a motor vehicle owned by a government body to and from an employee's work place and residence.

"Commuting miles" are miles that an employee drives between the employee's home and his/her work place.

"Department Director" means the heads of departments enumerated in Section 42-6-2 of the General Laws.

"Employee" means an individual who works for a governmental body not less than thirty-five (35) hours a week.

"General officer" shall include the governor, the lieutenant governor, the attorney general, the secretary of state and the general treasurer.

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“Governmental body” means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, without limitation, the board of governors for higher education and board of regents-elementary and secondary education or any other governmental body defined in the RI General Laws.

“Law enforcement officer” means an individual: 1) who is employed on a full-time basis by a governmental body that is responsible for the prevention or investigation of crime involving injury to persons or property (including the apprehension or detention of persons for such crimes); 2) who is authorized by law to carry firearms, execute search warrants and to make arrests (other than merely a citizen’s arrest); and 3) who regularly carries firearms (except when it is not possible to do so because of the requirement of undercover work). The term “law enforcement officer” shall include an arson investigator, if the investigator otherwise meets these requirements.

“Own” means control and the intent to control and shall include any type of arrangement, including by way of illustration, and not by limitation, a lease arrangement, whereby an employee of a governmental body is supplied principal and exclusive use of a motor vehicle by his or her employer.

“State Owned Vehicle” is a motor vehicle which is owned by a governmental body.

“Work place” is defined as the place that is noted in a department’s database/record where an employee regularly performs his or her normal office functions or reports for duty at the beginning of a shift.

The Director of Administration is required to report the following information on state-owned vehicles to the General Assembly each January: the vehicle, the principal driver, total mileage during the previous calendar year, commuting mileage incurred during the previous calendar year, the maintenance record and maintenance cost of the vehicle during the previous calendar year.

The State Fleet Operations Office of the Division of Central Service within the Department of Administration requires completion and return of their “Annual Report of State-Owned Vehicle Usage” form in order to fulfill this requirement. This form is required to be completed by each employee who uses a specific vehicle or uses a non-specific agency pool vehicle during the reporting period.

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The vehicle usage data, as reported on the state fleet "Annual Report of State-Owned Vehicle Usage," shall be reported to the General Assembly in accordance with Section 42-11.3-5 of the General Laws.

FEDERAL LAW

Federal Tax Liability

Under IRS regulations, the imputed value of personal use of an employer-provided vehicle must be included in the employee's gross pay and is taxable for income and social security purposes. Employees are required to keep records substantiating the personal use of an employer-provided vehicle and the business use of the vehicle.

Even if an individual is exempt under state law from the state reimbursement requirement, the amount of benefit that is added to an employee's gross pay is still considered a taxable fringe benefit for IRS purposes. However, the reimbursement to the State can reduce the imputed value of personal use of the employer-provided vehicle by the amount of reimbursement.

The Internal Revenue Service has issued rules and regulations detailing how employees will be taxed on employer provided vehicles used for commuting purposes.

The value of employer-provided road vehicles used by State employees for commuting and personal use are fringe benefits and must be included in wages for Income Tax and Social Security tax purposes. However, when the employee pays the employer the fair market value for the personal use of the vehicle, no income results to the employee. Partial payment reduces the employee's income by the amount of the payment. The amount added to wages is not considered salary for the purposes of computing retirement benefits. The term "road vehicle" means any motorized wheeled vehicle manufactured primarily for use on public streets, roads and highways.

The following employer-provided vehicles are to be excluded:

- a. Clearly marked police and fire vehicles;
- b. Delivery trucks with seating only for the driver, or only for the driver plus a folding jump seat;
- c. Flatbed trucks; any vehicles designed to carry cargo with a loaded gross vehicle weight over 14,000 pounds;
- d. Passenger buses used as such with a capacity of at least 20 passengers;
- e. Ambulances used as such or hearses used as such;

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- f. Bucket trucks ("cherry pickers");
 - g. Cranes and derricks;
 - h. Forklifts;
 - i. Cement mixers;
 - j. Dump trucks (including garbage trucks);
 - k. Refrigerated trucks;
 - l. Tractors and other special purpose farm vehicles;
 - m. Combines;
 - n. School buses used as such;
 - o. Qualified moving vans;
 - p. Qualified specialized utility repair trucks (other than a van or pick-up truck)
 - q. Officially authorized uses of unmarked vehicles by law enforcement officers or arson investigators who are full-time employees, authorized to carry fire arms, execute search warrants and make arrests.
 - r. Such other vehicles the (IRS) commissioner may, from time to time, designate.

Under the regulations, the employer is exempt from withholding taxes, other than Social Security, if the employer notifies the employee that the employer is not withholding and the employer includes the value in the employee's W-2. The regulations also allow payment of Social Security Taxes annually.

The State of Rhode Island will not withhold income taxes but will include this taxable income on the employee's W-2. Social Security Taxes will be withheld in December of each year.

An employer may treat the value of the benefits provided during the last two months of the calendar year as paid during the subsequent calendar year. The State of Rhode Island did adopt this procedure. In 1985, we reported the value of the personal use of a vehicle for the period January 1 to October 31. In subsequent years, the value of the benefit is calculated for the period November 1 (of previous year) to October 31 (of current year).

RECORDKEEPING REQUIREMENTS

The law implements the record-keeping standard of "adequate records or sufficient evidence" to support any credit or deduction claimed for business use for an employer-provided vehicle. Examples of acceptable substantiation would be account books, diaries, logs, receipts, bills, trip sheets, expense forms or statements by disinterested witnesses. Records must substantiate the time, date, place, purpose and cost of travel with written evidence having more probative value than oral substantiation.

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The state has a policy that state-owned vehicles cannot be used for personal use except for commuting purposes.

"Commuting" is defined as taking an employer-provided vehicle to or from a work site and the employee's residence. The reporting of commuting miles should be based on the distance from an employee's home to their work site and not to a state vehicle storage facility.

Each employee, who does not regularly use a state vehicle for commuting shall maintain written evidence of their irregular or infrequent commuting.

TAXATION REQUIREMENT

With the exception of the categories of vehicles that were mentioned on Pages 5 and 6, state employer-provided vehicles are subject to the taxation regulations released by the IRS. These rules established that the imputed value of personal use of an employer-provided vehicle be included in the employee's gross pay and is taxable for income and social security tax purposes.

Please note, however, that employees who reimburse the state for commuting in accordance with Section 42-11.3-4 of the General Laws can reduce the imputed value of personal use of the employee-provided vehicle by the actual amount reimbursed by the employee. Specific instructions appear below.

TAX RETURN QUESTIONS

Compliance is tracked by the IRS through a series of questions included on tax return forms. Taxpayers are required to state the amount of personal use of an employer-provided vehicle and that business use can be substantiated. Employees must provide this information to their employers who in turn are required to keep these reports on file for corroborative purposes.

CALCULATING VALUE AND REPORTING FOR GOVERNMENT CONTROL EMPLOYEES

Governmental control employees = elected officials or any employee whose compensation equals or exceeds \$110,700.

These officials may not use the commuting value method but can determine the value of the benefit using the annual lease value rule or the vehicle cents-per-mile rule.

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CALCULATING VALUE AND REPORTING FOR GOVERNMENT NON-CONTROL EMPLOYEES

A State employee who is (1) provided a State-owned vehicle to drive to and from work for valid business reasons (lack of space to store the vehicle, for the ability to respond to emergency calls, security of the vehicle, etc.); (2) prohibited from using the vehicle for personal use; except for commuting or de minimus personal use, and (3) not a governmental control employee as defined above may use the vehicle cents-per-mile method, the \$3.00 a day method, or the annual lease value method.

Once either method is adopted, the employer and the employee must use this valuation technique for all subsequent periods until circumstances change. The types of excluded vehicles listed on page 6 of these procedures are exempt from taxation. An employee provided with any other type of vehicle is subject to taxation on the commuting value.

An explanation and example of each method follows

ANNUAL LEASE VALUE RULE

If an employer-provided vehicle is made available to an employee, the amount that is added to his or her gross pay is the annual lease value (ALV) reduced by the cost of business use. To determine the amount of the benefit, a four-step process is necessary. First, the fair market value (FMV) of the vehicle must be established. The FMV is the equivalent of the cost to the employee to purchase a similar vehicle without regard to a group discount. The table below (which is contained in the IRS regulations) can be used to determine the ALV. Upon reassignment, the ALV is recalculated based on the vehicle's fair market value of November 1 of the year of reassignment.

NOTE: If an employee is assigned the same vehicle in one calendar year as the previous calendar year, the ALV determined for the previous November 1st through October 31st is to be used for the subsequent November 1st through October 31st period. The AVL of a vehicle is to be recalculated every four (4) years.

State of Rhode Island
Department of Administration

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ANNUAL LEASE VALUE TABLE

Vehicle Fair Market	Annual Lease Value	Vehicle Fair Market	Annual Lease Value
\$ 0 - 999	\$ 600	\$ 21,000 - 21,999	\$ 5,850
1,000 - 1,999	850	22,000 - 22,999	6,100
2,000 - 2,999	1,100	23,000 - 23,999	6,350
3,000 - 3,999	1,350	24,000 - 24,999	6,600
4,000 - 4,999	1,600	25,000 - 25,999	6,850
5,000 - 5,999	1,850	26,000 - 27,999	7,250
6,000 - 6,999	2,100	28,000 - 29,999	7,750
7,000 - 7,999	2,350	30,000 - 31,999	8,250
8,000 - 8,999	2,600	32,000 - 33,999	8,750
9,000 - 9,999	2,850	34,000 - 35,999	9,250
10,000 - 10,999	3,100	36,000 - 37,999	9,750
11,000 - 11,999	3,350	38,000 - 39,999	10,250
12,000 - 12,999	3,600	40,000 - 41,999	10,750
13,000 - 13,999	3,850	42,000 - 43,999	11,250
14,000 - 14,999	4,100	44,000 - 45,999	11,750
15,000 - 15,999	4,350	46,000 - 47,999	12,250
16,000 - 16,999	4,600	48,000 - 49,999	12,750
17,000 - 17,999	4,850	50,000 - 51,999	13,250
18,000 - 18,999	5,100	52,000 - 53,999	13,750
19,000 - 19,999	5,350	54,000 - 55,999	14,250
20,000 - 20,999	5,600	56,000 - 57,999	14,750
		* 58,000 - 59,999	15,250

* Vehicles having a fair market value in excess of \$59,999, the annual lease value (ALV) is equal to: (FMV x 0.25) + \$500.

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Step 2 is to calculate the difference between personal and business mileage and to create a fraction that represents business use. The numerator of which is the difference between the total miles and the personal miles driven by the employee, and the denominator being the total miles driven by the employee. Step three determines the amount of business use by multiplying the ALV by the mileage fraction. Step four is to calculate the amount of the benefit to be included in the gross pay of the employee. To do this, first subtract the business use from ALV to calculate the total personal benefit. Then subtract the total amount reimbursed for commuting to calculate the net personal benefit.

EXAMPLE

1. ALV: Employee A is provided an automobile with a FMV of \$17,500 and a corresponding ALV (using the chart) of \$4,850.
2. Fraction: Employee A drove a total of 10,000 miles. 2,000 of which were personal use.
Numerator: $10,000 - 2,000 = 8,000$ business miles
Denominator: 10,000 total miles driven
3. Business Use: $ALV \times \text{mileage fraction} = 4,850 \times \frac{8,000}{10,000} = \$3,880$
4. Amount of the benefit to be included in gross income:
 - (a) $ALV - \text{Business Use} = \text{Personal Use (Total Personal Benefit)}$
 $\$4,850 - \$3,880 = \$970$ Total Personal Benefit (TPB)
 - (b) $TPB - \text{Commuting Reimbursement} = \text{Net Personal Benefit}$
 $\$970 - \$630 = \$340$.

The ALV includes maintenance and insurance but not gasoline. If the employer pays for gasoline an additional 5.5¢ per personal mile must be added to the value of the benefit and included in the employee's gross income.

In determining the taxable and lease value:

- a. For assistance in determining the fair market value of an individual's automobile, you may contact the Department of Administration, Division of Central Services at Centrex 277-6214.

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- b. The official must provide a statement of the total miles driven and the total miles for personal use (including commuting to and from the office) for the period November 1 through October 31.
 - c. The value of State provided gasoline may be determined in two ways.
 - 1. 5.5¢ per mile of personal use, or;
 - 2. If the actual cost of gasoline for the period is known, multiply the percentage of personal use times the total cost.
 - d. If the individual has a chauffeur or other driver, the fair market value for such must be determined and included for the personal use, if applicable.

VEHICLE CENTS-PER-MILE VALUATION RULE (Standard Mileage Rate)

The vehicle cents-per-mile rule allows the value of personal use of a state-owned vehicle to be calculated by multiplying the number of personal miles driven times the standard mileage allowance. This standard rate includes gasoline, insurance and maintenance. If the employer does not supply (pay for) gasoline, the rate is 29¢ a mile. ***This method can only be used if the vehicle is regularly used for governmental business purposes, is driven 10,000 miles or more annually, and has a fair market value of \$15,400 or less. If all conditions are not satisfied, the Annual Lease Value Rule must be used.*** A vehicle is considered regularly used if it is generally used each workday to transport at least three employees in an employer-sponsored commuting vehicle pool or if at least 50% of the annual mileage is for the employer's business. The 10,000 miles-per-year requirement refers to the vehicle's total mileage, not the distance that each employee using the vehicle must drive. Once adopted, both the employer and the employee must use this valuation technique for all subsequent periods.

EXAMPLE:

- 1. Standard Mileage Rate: Employee A drives 20,000 personal miles and 35,000 business miles. The standard mileage allowance for the personal miles driven is 32.5¢ (for the purpose of this example).
- 2. Amount of benefit to be included in gross income is:
 - (a) 20,000 miles x 0.325¢ = \$6,500 Total Personal Benefit.

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- (b) Total Personal Benefit Less Commuting Reimbursement Equals Net Personal Benefit -- \$6,500 Less \$6,500 = \$0.00 Personal Benefit.

Both reporting forms are designed so that each employee who used an employer-provided vehicle during the reporting period can report only his/her personal usage miles during the period. If an employee shares a vehicle with another employee(s), the employee determines his/her personal usage mileage during the reporting period, then reports his/her net taxable fringe benefit amount as shown in the following examples:

EXAMPLE:

Employee 1 and Employee 2 share usage of the same vehicle with a fair market value of \$17,500 that is driven a total of 10,000 miles for the reporting period. Employee 1 uses the vehicle for the period September through May and commutes 30 miles round trip per workday for a total of 5880 personal usage miles. Employee 2 commutes 20 miles round trip per workday for June, July and August, for a total of 1300 personal usage miles.

Using the vehicles cents per mile method. Employee 1 would report \$1,911 (5880 miles x \$0.325 per mile) as a taxable fringe benefit, and Employee 2 would report \$422.50 (1300 miles x \$0.325 per mile) as a taxable fringe benefit.

Using the annual lease value method, the calculation of a taxable fringe benefit amount for each employee would be as follows:

1. Total Miles	10,000
2. Personal Usage Miles (of both employees)	-7,180
3. Business Miles	2,820
4. Annual Lease Value	\$4,850
5. % of Business Use (#3 ÷ #1)	X 28.2%
6. Annual Lease Value for Business Use Purposes	\$1,367.70
7. Annual Lease Value	\$4,850
8. Annual Lease Value for Business Use Purposes (#6)	<u>-\$1,367.70</u>
9. Annual Lease Value for Personal Use Purposes	\$3,482.30
10. Allocation of Annual Lease Value for Personal use Purposes	
10.1 Annual Lease Value for Personal Use Purposes	\$3,482.30
10.2 Employee 1 Allocation [5,580 miles ÷ 7,180 miles (#2)] =	\$2,852.00
10.3 Employee 2 Allocation]1300 miles ÷ 7,180 miles (#2)] =	\$ 630.30

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RATES AND EFFECTIVE DATE(S):

The forms cover the period from November 1st of one calendar year to October 31st of the next calendar year.

<u>METHOD OR RATE</u>	<u>PERIOD COVERED</u>
<u>Annual Lease Value Table</u>	
5.5¢	11/1/00 through 10/31/01
<u>Vehicle Cents-Per-Mile</u>	
32.5¢	11/1/00 through 12/31/00
34.5¢	1/1/01 through 10/31/01
<u>Commuting Value Method:</u>	
\$3.00 per work day	11/1/00 through 10/31/01

FORMS

A51a – Sample Attached.
A51b – Sample Attached.
A51c – Sample Attached.

NOTE: *If additional copies of this procedure or Forms A51a, A51b, A51c or the state fleet "Annual Report of State-Owned Vehicle Usage" are needed, please photocopy.*

Department of Administration
OFFICE OF ACCOUNTS AND CONTROL**ANNUAL STATEMENT OF PERSONAL USAGE FOR STATE VEHICLES
VEHICLE CENTS-PER-MILE METHOD****(NOTE: VEHICLES THAT ARE CHAUFFEUR DRIVEN MAY NOT USE THIS METHOD.)****SECTION A: DRIVER AND VEHICLE INFORMATION**

Employee Name: Soc. Sec. #:
(Please Print) **(11 digits)**

Agency: Payroll Acct. #:

Period: FROM: TO:

<u>Vehicle Make/Model/Year</u>	<u>Registration No.</u>	<u>Vehicle Fair Mkt. Value</u>

SECTION B: CALCULATION OF FRINGE BENEFIT AMOUNT

(1) Minus (2) = (3)
TOTAL MILES PERSONAL USAGE MILES BUSINESS MILES

AMOUNT OF BENEFIT TO BE INCLUDED IN GROSS INCOME:**A. Personal Usage Miles (from Item 2 above)**(November 1 - December 31).....A.1 Miles(January 1 - October 31)A.2 Miles

B.1 X ¢ = \$
 (Item A.1)

B.2 X ¢ = \$ = (sum of B.1+B.2) B.3 \$
 (Item A.2)

C. Subtract employee supplied gasoline, if any.
 miles x 5.5¢ per mile:

(Personal Usage Miles from Item 2 above \$

D. Gross Fringe Benefit Amount:
 Subtract Item C from Item B3..... \$

E. Subtract Commuter Reimbursement: \$

F. Taxable Fringe Benefit Amount:
 (Subtract Item E from Item D) \$

TO EMPLOYEE: Complete and sign this form in duplicate and return to your payroll office. If more than one vehicle is used under this method, complete separate Form A-95c for each vehicle.

Employee's Signature / Date

NOTE: Under the vehicle cents-per-mile method, employees are required to furnish to the employing agency substantiating evidence used to arrive at the personal and business miles. Substantiating evidence = a log of both personal and business miles. This form will not be accepted if not accompanied by a log.

Department of Administration
OFFICE OF ACCOUNTS AND CONTROL

**ANNUAL STATEMENT OF PERSONAL USAGE FOR STATE PROVIDED VEHICLES
ANNUAL LEASE VALUE METHOD**

SECTION A: DRIVER AND VEHICLE INFORMATION

EMPLOYEE NAME SOCIAL SECURITY #:
(PLEASE PRINT) (11 DIGITS)

AGENCY PAYROLL ACCOUNT #:

PERIOD COVERED: FROM TO:

MAKE / MODEL / YEAR REGISTRATION NO. VEHICLE FAIR MKT. VALUE

SECTION B: CALCULATION OF FRINGE BENEFIT AMOUNT

MINUS **=**
TOTAL MILES PERSONAL USAGE MILES BUSINESS MILES

X **÷** **=**
ANNUAL LEASE VALUE BUSINESS MILES TOTAL MILES % BUSINESS USE

GASOLINE CALCULATION 5.5 CENTS **X** **=**
OR NO. OF PERSONAL MILES AMOUNT OF GASOLINE

X **=**
TOTAL COST OF GASOLINE % OF PERSONAL MILES AMOUNT OF GASOLINE
(100% MINUS BUSINESS USE%)

= **MINUS** **PLUS** **PLUS**
ANNUAL LEASE BUSINESS USE AMOUNT OF CHAUFFEUR
VALUE (ALV) (BUS. USE % X ALV) GASOLINE AMOUNT

\$ **MINUS** **=** \$
GROSS TAXABLE FRINGE COMMUTER REIMBURSEMENT NET TAXABLE FRINGE
AMOUNT (VEHICLE USE)

TO EMPLOYEE:

Complete and sign this form in duplicate and return to your payroll office. If more than one vehicle is used under this method, complete separate form A-95b for each vehicle.

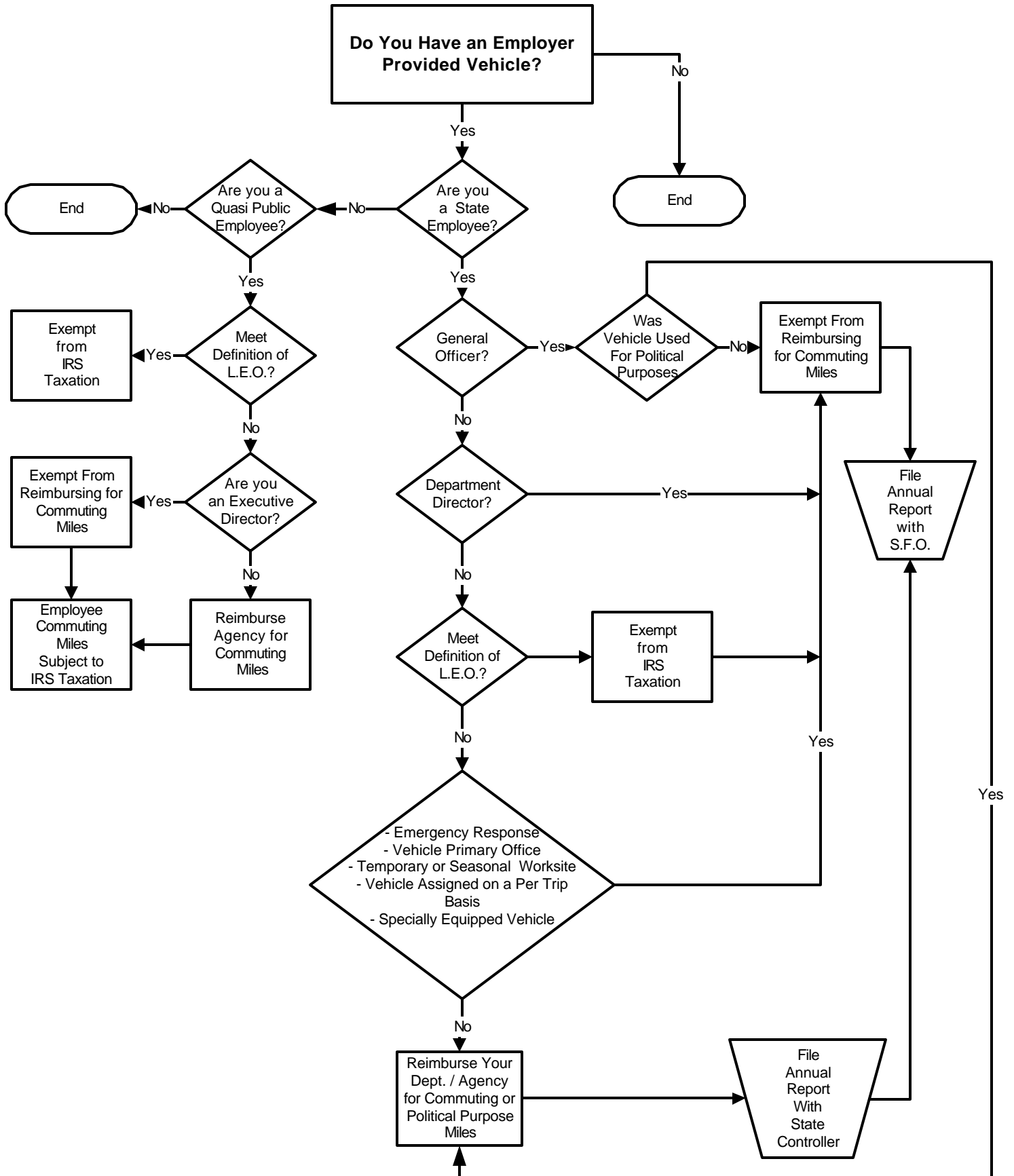
Employee's Signature / Date

NOTE: Under the annual lease value method, employees are required to furnish to the employing agency substantiating evidence used to arrive at the personal and business miles.

State Fleet Operations
One Capitol Hill, Providence, RI 02908

_____/_____/_____
Supervisor Signature Date

DEPARTMENT OF ADMINISTRATION COMPLIANCE FLOWCHART FOR EMPLOYER PROVIDED VEHICLES



L.E.O. = Law Enforcement Officer

S.F.O. = State Fleet Office (Division of Central Services, Department of Administration)